

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0808-01
Bill No.: HB 320
Subject: Social Services Department; Health Care; Elementary and Secondary Education;
Medicaid
Type: Original
Date: February 9, 2015

Bill Summary: This proposal requires the Department of Health and Senior Services to assist certain public schools with establishing on-site health clinics.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2020)
General Revenue	\$0 or (\$443,933)	\$0 or (\$2,134,805)	\$0 or (\$3,887,344)	\$0 or (\$6,965,765)
Total Estimated Net Effect on General Revenue	\$0 or (\$443,933)	\$0 or (\$2,134,805)	\$0 or (\$3,887,344)	\$0 or (\$6,965,765)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2020)
Other State Funds (various)	\$0 or (\$11,967)	\$0 or (\$13,354)	\$0 or (\$13,496)	\$0 or (\$13,666)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or (\$11,967)	\$0 or (\$13,354)	\$0 or (\$13,496)	\$0 or (\$13,666)

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 11 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2020)
Federal*	\$0	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

* Income and expenses \$0 or exceed \$11.9 million in FY 2020 and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2020)
General Revenue	0 or 0.4	0 or 0.4	0 or 0.4	0 or 0.4
Various Other State Funds	0 or 0.2	0 or 0.2	0 or 0.2	0 or 0.2
Federal	0 or 0.4	0 or 0.4	0 or 0.4	0 or 0.4
Total Estimated Net Effect on FTE	0 or 1	0 or 1	0 or 1	0 or 1

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2020)
Local Government*	\$0	\$0	\$0	\$0

* Grants equal expenditures \$0 or net to \$0.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS)** state section 208.661 requires the DSS to develop incentive programs to encourage Rural Health Clinics (RHCs), Federally Qualified Health Centers (FQHCs), or other primary care practices to co-locate on the property of public elementary and secondary schools with fifty percent or more students who are eligible for free or reduced price lunch. The DSS shall provide assistance to establish on-site telehealth clinics on the campuses of such schools.

The **DSS, MO HealthNet Division (MHD)** states, assuming this legislation is passed, if a school-based clinic becomes certified and approved by federal agencies as an FQHC or RHC site, the site must first be enrolled with Medicare before it can be enrolled as a Medicaid FQHC/RHC site. Due to time required for the enrollment process, there will be no fiscal impact for State Fiscal Year (SFY) 2016 for new visits.

MHD estimates that there are 460 schools with fifty percent or more students on free or reduced lunches. MHD estimates that 10% of these schools will open new clinic sites for a total of 46 new school sites. MHD assumes it will take 4 years for all 46 schools to be set up. It is estimated that 17% of these new sites will be federally qualified health centers (FQHCs) and 83% will be rural health centers (RHCs).

MHD assumes there will be 12 schools that set up new clinics in State Fiscal Year (SFY) 2017. It is estimated that there will be 18,822 annual visits for FQHCs and 2,290 annual visits for RHCS. This gives a total of 37,644 (18,822 X 2 FQHCs) annual visits to new school FQHC sites and 22,900 (2,290 X 10 RHCs) annual visits to new school RHC sites.

MHD estimates 67% of the total estimated annual visits will be new cases. It is estimated that there will be 25,221 (37,644 visits X 67%) new FQHC cases and 15,343 (22,900 visits X 67%) new RHC cases. The average cost per visit is \$130.05 for FQHCs and \$80.44 for RHCs. The total SFY 2017 costs for new visits for FQHCs is \$3,279,991 (25,221 visits X \$130.05) and the total costs for new visits for RHCs is \$1,234,191 (15,343 visits X \$80.44). A 1.9 % inflation rate was used to calculate SFY 2018 and beyond.

Total costs for new FQHC and RHC services:

FY 2016:	\$0;
FY 2017:	\$4,594,571 (GR \$1,688,098; Federal \$2,906,473);
FY 2018:	\$9,363,780 (GR \$3,440,356; Federal \$5,923,424); and,
FY 2020:	\$18,885,217 (GR \$6,938,435; Federal \$11,946,782).

ASSUMPTION (continued)

MHD estimates 5% of the new visits will involve telehealth services. There will be 1,262 (25,221 X 5%) FQHC visits that involve telehealth services and 768 (15,343 X 5%) RHC visits that involve telehealth services. Originating clinic charges are \$14.60 per visit. This will result in a cost of \$18,426 (1,262 X \$14.60) and \$11,213 (768 X \$14.60) for FQHCs and RHCs respectively. Distant Provider charges are \$25 per visit. There will be a costs of \$31,550 (1,262 X \$25) and \$19,200 (768 X \$25) for FQHCs and RHCs respectively. The total SFY 2017 costs for telehealth services \$80,389. A 1.9 % inflation factor was used to calculate SFY 2018 and beyond.

Total costs for telehealth services:

FY 2016: \$0;
FY 2017: \$80,389 (GR \$29,479; Federal \$50,910);
FY 2018: \$163,750 (GR \$60,047; Federal \$103,703); and,
FY 2020: \$329,337 (GR \$120,768; Federal \$208,569).

Total costs for non-telehealth FQHC and RHC services:

FY 2016: \$0;
FY 2017: \$4,514,182 (GR \$1,658,619; Federal \$2,855,563);
FY 2018: \$9,200,030 (GR \$3,380,630; Federal \$5,819,721); and,
FY 2020: \$18,555,880 (GR \$6,817,667; Federal \$11,738,213).

NOTE: The total costs for telehealth services + the non-telehealth FQHC and RHC services = Total costs for new FQHC and RHC services (\$4,594,571 for FY 2017 ; \$9,363,780 for FY 2018; and \$18,885,217 for FY 2020).

This legislation requires that DSS provide incentive programs to encourage RHCs, FQHCs, or other primary care practices to co-locate on the property of public elementary and secondary schools. It is assumed that this would be provided in the form of grants. MHD assumes a one-time cost of \$35,000 for grants to help set up the infrastructure for each facility resulting in a total SFY 2016 cost of \$420,000 (\$35,000 X 12 schools) which would be paid entirely from general revenue funds. The 46 sites will be phased in over 4 years.

Total grant costs (All GR):

FY 2016: \$420,000
FY 2017: \$420,000
FY 2018: \$420,000
FY 2020: \$0

Oversight assumes the grants provided to schools to establish school-based clinics will equal the expenditures to establish the clinic and the net effect on the school districts will be \$0.

ASSUMPTION (continued)

An FTE at the Social Services Manager Band 1 position will be needed to assist with the funding, implementation, and provider linkages for on-site telehealth clinics on the campuses of these schools. The cost for the FTE is as follows and is based on approximate 40%/40%/20% split between GR/Federal/Other State Funds:

FY 2016: \$59,832 (GR \$23,933; Other \$11,967; Federal \$23,932);
FY 2017: \$66,769 (GR \$26,707; Other \$13,354; Federal \$26,708);
FY 2018: \$67,471 (GR \$26,988; Other \$13,495; Federal \$26,987); and
FY 2020: \$68,326 (GR \$27,330; Other \$13,666; Federal \$27,330) fully implemented

The total costs for this bill is:

FY 2016: \$479,832 (GR \$443,933; Other \$11,967; Federal \$23,932);
FY 2017: \$5,081,340 (GR \$2,134,805; Other \$13,354; Federal \$2,933,181);
FY 2018: \$9,851,251 (GR \$3,887,344; Other \$13,496; Federal \$5,950,411); and
FY 2020: \$18,953,543 (GR \$6,965,765; Other \$13,666; Federal \$11,974,112).

Oversight notes that 208.661.4 provides that the provisions of the proposal are subject to the receipt of waivers necessary for implementation. If waivers are not received, then the provisions are null and void. Therefore, Oversight will present costs as \$0 or the estimated cost provided by DSS-MHD.

The **Division of Legal Services (DLS)** assume that there will be no fiscal impact to DLS.

The **Division of Youth Services (DYS)** assumes there will be no fiscal impact for the DYS. It may create opportunities to expand the menu of health care services already being offered at DSS- DYS facility/school locations through the existing telehealth infrastructure or by in-person health care providers.

Officials from the **Department of Elementary and Secondary Education (DESE)** state section 208.661 appears to provide the potential for local school districts to gain an incentive, however, any impact cannot be estimated.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

ASSUMPTION (continued)

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Health and Senior Services**, the **Joint Committee on Administrative Rules**, the **Columbia/Boone County Department of Public Health and Human Services**, the **Harrison County Public Health Department and Hospice**, the **City of Independence Health Department**, **Kansas City Public Schools** and **Lee's Summit R-7 School District** each assume the proposal would not fiscally impact their respective agencies.

Officials from the following **health departments**: Audrain County Health Unit, Cass County Health Department, Henry County Health Center, Howell County Health Department, Jefferson County Health Department, Linn County Health Department, McDonald County Health Department, Madison County Health Department, Miller County Health Center, Morgan County Health Center, Nodaway County Health Center, Platte County Health Department, Randolph County Health Department, Reynolds County Health Center, Ripley County Health Center, Shelby County Health Department, and the St. Francois County Health Center did not respond to **Oversight's** request for a statement of fiscal impact.

Officials from the following **schools**: Blue Springs Public Schools, Branson Public Schools, Caruthersville School District, Charleston R-I School District, Cole R-I School District, Columbia Public Schools, Everton R-III School District, Fair Grove Schools, Francis Howell Public Schools, Fulton Public Schools, Harrisonville School District, Independence Public Schools, Jefferson City Public Schools, Kirbyville R-VI School District, Kirksville Public Schools, Macon School District, Malta Bend School District, Mexico Public Schools, Monroe City R-I School District, Nixa Public Schools, Parkway Public Schools, Pattonville School District, Raymore-Peculiar R-III School District, Raytown School District, Riverview Gardens School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Special School District of St. Louis County, Spickard R-II School District, Springfield Public Schools, St. Joseph School District, St. Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools, Warren County R-III School District, Waynesville Public School District, Allen Village School, Carondelet Leadership Academy Education and KIPP Endeavor Academy in Kansas City did not respond to **Oversight's** request for a statement of fiscal impact.

**FISCAL IMPACT - State
 Government**

	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2020)
GENERAL REVENUE FUND				
<u>Costs</u> - DSS-MHD (\$208.661)	\$0 or...	\$0 or...	\$0 or...	\$0 or...
Personal service	(\$13,323)	(\$16,154)	(\$16,316)	(\$16,643)
Fringe benefits	(\$7,594)	(\$8,367)	(\$8,485)	(\$8,500)
Equipment and expense	(\$3,016)	(\$2,186)	(\$2,187)	(\$2,187)
Grants	(\$420,000)	(\$420,000)	(\$420,000)	\$0
Program expenditures	\$0	(\$1,688,098)	(\$3,440,356)	(\$6,938,435)
Total <u>Costs</u> - DSS-MHD	<u>\$0 or</u> <u>(\$443,933)</u>	<u>\$0 or</u> <u>(\$2,134,805)</u>	<u>\$0 or</u> <u>(\$3,887,344)</u>	<u>\$0 or</u> <u>(\$6,965,765)</u>
FTE Change - DSS- MHD	0 or 0.4 FTE	0 or 0.4 FTE	0 or 0.4 FTE	0 or 0.4 FTE

**ESTIMATED NET
 EFFECT ON THE
 GENERAL REVENUE
 FUND**

	<u><u>\$0 or</u></u> <u><u>(\$443,933)</u></u>	<u><u>\$0 or</u></u> <u><u>(\$2,134,805)</u></u>	<u><u>\$0 or</u></u> <u><u>(\$3,887,344)</u></u>	<u><u>\$0 or</u></u> <u><u>(\$6,965,765)</u></u>
Estimated Net FTE Change on the General Revenue Fund	0 or 0.4 FTE	0 or 0.4 FTE	0 or 0.4 FTE	0 or 0.4 FTE

**OTHER STATE FUNDS
 (various)**

<u>Costs</u> - DSS-MHD (\$208.661)	\$0 or...	\$0 or...	\$0 or...	\$0 or...
Personal service	(\$6,661)	(\$8,077)	(\$8,159)	(\$8,322)
Fringe benefits	(\$3,797)	(\$4,183)	(\$4,243)	(\$4,250)
Equipment and expense	(\$1,509)	(\$1,094)	(\$1,094)	(\$1,094)
Total <u>Costs</u> - DSS-MHD	<u>\$0 or (\$11,967)</u>	<u>\$0 or (\$13,354)</u>	<u>\$0 or</u> <u>(\$13,496)</u>	<u>\$0 or (\$13,666)</u>
FTE Change - DSS- MHD	0 or 0.2 FTE	0 or 0.2 FTE	0 or 0.2 FTE	0 or 0.2 FTE

**ESTIMATED NET
 EFFECT ON OTHER
 STATE FUNDS (various)**

	<u><u>\$0 or</u></u> <u><u>(\$11,967)</u></u>	<u><u>\$0 or (\$13,354)</u></u>	<u><u>\$0 or</u></u> <u><u>(\$13,496)</u></u>	<u><u>\$0 or</u></u> <u><u>(\$13,666)</u></u>
Estimated Net FTE Change on Other State Funds	0 or 0.2 FTE	0 or 0.2 FTE	0 or 0.2 FTE	0 or 0.2 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018	Fully Implemented (FY 2020)
FEDERAL FUNDS				
<u>Income - DSS-MHD</u> (\$208.661)				
Increase in program reimbursements	\$0 or \$23,933	\$0 or \$2,933,181	\$0 or \$5,950,411	\$0 or \$11,974,112
<u>Costs - DSS-MHD</u> (\$208.661)	\$0 or...	\$0 or...	\$0 or...	\$0 or...
Personal service	(\$13,323)	(\$16,154)	(\$16,318)	(\$16,643)
Fringe benefits	(\$7,594)	(\$8,367)	(\$8,486)	(\$8,500)
Equipment and expense	(\$3,016)	(\$2,186)	(\$2,185)	(\$2,185)
Program expenditures for in-school clinics	<u>\$0</u>	<u>(\$2,906,474)</u>	<u>(\$5,923,422)</u>	<u>(\$11,946,784)</u>
Total <u>Costs - DSS-MHD</u>	<u>\$0 or (\$23,933)</u>	<u>\$0 or (\$2,933,181)</u>	<u>\$0 or (\$5,950,411)</u>	<u>\$0 or (\$11,974,112)</u>
FTE Change - DSS- MHD	0 or 0.4 FTE	0 or 0.4 FTE	0 or 0.4 FTE	0 or 0.4 FTE
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on Federal Funds	0 or 0.4 FTE	0 or 0.4 FTE	0 or 0.4 FTE	0 or 0.4 FTE

FISCAL IMPACT - Local Government

	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2020)
LOCAL SCHOOL DISTRICTS				
<u>Income - School Districts</u>				
Grant funds for school-based clinics	\$0 or \$420,000	\$0 or \$420,000	\$0 or \$420,000	\$0
<u>Costs - School Districts</u>				
Expenditures to established school-based clinics	<u>\$0 or (\$420,000)</u>	<u>\$0 or (\$420,000)</u>	<u>\$0 or (\$420,000)</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may impact small business health care providers if they participate in telehealth services with the school districts.

FISCAL DESCRIPTION

This proposal requires the Department of Social Services to develop incentive programs, submit state plan amendments, and apply for necessary waivers to permit rural health clinics, federally qualified health centers, or other primary care practices to co-locate on the property of public elementary and secondary schools with 50% or more students who are eligible for free or reduced-price lunch. Any school-based health care clinic is prohibited from performing or referring for abortion services or providing or referring for contraceptive drugs or devices. The consent of a parent or guardian must be required before a minor can receive health care services from a school-based health care clinic. These provisions will be null and void unless and until any necessary waivers are granted by the federal government.

The proposal requires the department to provide assistance to public elementary and secondary schools with 50% or more students who are eligible for free or reduced price lunch in order to establish on-site telehealth clinics on the campuses of the schools. Assistance must include:

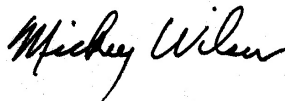
FISCAL DESCRIPTION (continued)

(1) Assistance with identifying a telehealth clinic implementation model; (2) Assistance with identifying and securing funding for equipment, staff, and other telehealth clinic expenses; (3) Assistance with creating linkages with primary care practices, rural health clinics, and federally-qualified health centers; and (4) Providing the opportunity to schools to apply for a one-time grant for the purchase of necessary technology to establish an onsite telehealth clinic.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Social Services
Joint Committee on Administrative Rules
Office of Secretary of State
Columbia/Boone County Department of
Public Health and Human Services
Harrison County Public Health Department and Hospice
City of Independence Health Department
Kansas City Public Schools
Lee's Summit R-7 School District



Mickey Wilson, CPA
Director
February 9, 2014

Ross Strobe
Assistant Director
February 9, 2014

L.R. No. 0808-01
Bill No. HB 320
Page 11 of 11
February 9, 2015